It has further been reported by RBI that crops have been damaged in most of the villages in the Vidarbha region of Maharashtra due to hailstorms and unseasonal rains with the result they have been declared drought affected. The Lead District Managers have been advised by Bank of Maharashtra, the Convenor of State Level Bankers Committee (SLBC) to extend all relief measures to the affected farmers, expecially the facility of conversion of short term loans into medium term loans and issue of fresh crop loans in accordance with the standing guidelines of RBI, issued to banks in this regard. Further, Lead District Managers have been arranging awareness camps/special Block Level Bankers' Committee meetings in the affected villages/blocks to guide the farmers. They are also being helped in completion of formalities in acquiring seeds, fertilizers, etc. received from the State Government.

(b) Information is being collected and will be laid on the Table of the House.

Report of R.V. Gupta Committee

634. SHRI JANARDHANA POOJARI:
SHRI JALALUDIN ANSARI:
SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether the R.V. Gupta Committee appointed in December, 1997 by Reserve Bank of India (RBI) to suggest measures for giving an impetus to the flow of credit to agricultural sector has submitted its report;

(b) if so, the details oi recommendation made;

(c) the details of recommendations accepted; and

(d) the time by when these will be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) to (d) Reserve Bank of India (RBI) set up a one man Committee of Shri R.V. Gupta (former Deputy Governor, RBI) in December, 1997 with the following terms of reference:

(a) To study the working of the credit delivery system for agriculture through field level interaction with farmers, agriculturists, borrowers of commercial banks and banks staff and analyse the constraints in the flow of such credit to the farm sector.

(b) To make suggestions for simplification and improvements in systems and procedures including reduction in paper work for delivery of farm credit.

(c) To make proposals on other initiatives that may be taken by commercial banks to facilitate credit delivery to the farm sector.

The Committee submitted its report to RBI on April 21, 1998. RBI has reported that the Committee's recommendations cover the following areas:—

(a) Recommendations on operational aspects relating to agricultural credit. These recommendations cover, inter-alia, rationalisation of internal returns of the banks, delegation of powers to branch managers, introduction of composite cash credit limits to farmers, introduction of new loan products with saving component, cash disbursement of loans, dispensation of "No Dues Certificate" and discretion to banks on matters relating margin/security requirements for agricultural loans above Rs. 10,000/-.

(b) Recommendations on aspects like abolishing of stamp duty for agriculture loans, matters relating to mortgage of land subsidy-linked credit, bank finance to tenant farmers and assistance in recovery of loans.

(c) Recommendations on simplification of application forms, agreements and other covenants/documents for agricultural loans and rationalisation of internal returns of

banks for monitoring agricultural and other advances.

Major recommendations so far accepted by RBI include, inter-alia, simplification of procedures regarding loan applications, agreement/documents etc., rationalisation of internal returns of banks, delegation of powers to branch managers, introduction of composite cash credit limits to agricultural farmers, introduction of new loan products with saving component, cash disbursement of loans, dispensation of "No Due Certificates", discretion to banks on matters relating to margin/security requirements for agricultural loans above Rs. 10,000/- etc. All scheduled commercial banks have been advised by RBI to implement the above recommendations of the Committee. Further, RBI has requested Indian Banks Association (IBA) to work out simplified application forms and documents for agricultural loans and rationalisation of internal returns by branches for adoption by all banks. Certain recommendations such as abolition of stamp duty for agricultural loans, assistance from State Governments for recovery of bank dues, matters relating to mortgage of land, dispensation of compulsory rural posting of bank officials, matters relating to subsidy linked credit etc., have been referred by RBI to the Government for consideration.

The Committee has also made certain recommendations for reforming the rural credit delivery process. These include:

(a) Freedom to commercial banks to fix rates of interest for loans of all amounts.

(b) Target for agricultural lending to be based on flow of credit through preparation of Special Agricultural Plans (SACPs).

(c) A substantial modification of Service Area Approach.

(d) A thorough review of existing system of subsidy linked loan programmes.

News-Item Regarding Income Tax Appellate Tribunal

635. SHRI KULDIP NAYYAR: Will the Minister of be FINANCE pleased to state:

(a) whether Government's attention has been drawn to an article that appeared in the Times of India (ND) dated 30th March, 1998 under the caption "Unlawful Entries cashing in on Corruption", wherein it has been stated that Income Tax Appellate Tribunal has allowed a deduction of Rs. 30 lakhs given by a builder as protection money;

(b) whether Government propose to allow such deductions if business men claim to have paid kick backs to officials for getting their work done;

(c) whether such steps amount to encouraging criminals and also loss of revenue; and

(d) if so, the steps Government propose to take to make good the loss of revenue suffered as a result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI R. JANARTHANAM): (a) In one particular case of a Builder, the Income Tax Appellate Tribunal, Mumbai has held on the facts and circumstances of the case that a sum of Rs. 30 lakhs claimed to be paid as protection money, is an allowable deduction.

(b) No. The Department has filed a Reference Application under Section 256(1) against the Income Tax Appellate Tribunal's order dated 12.11.97 for assessment year 1992-93.

(c) Question does not arise in view of (b) above.

(d) Question does not arise in view of (b) and (c) above.